UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TIFFANY (NJ) INC. and TIFFANY AND COMPANY, **Plaintiffs,** **v.** **eBAY INC.,** **Defendant.**	**Case No. 04 Civ. 4607 (KMK)**

MEMORANDUM OF DEFENDANT EBAY IN SUPPORT OF ITS MOTION IN LIMINE TO EXCLUDE EVIDENCE THAT PURPORTS TO CREATE LIABILITY BASED ON TRADEMARKS FIRST ASSERTED IN TIFFANY'S PROPOSED FINDINGS OF FACT

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PRELIMINARY STATEMENT

Defendant eBay, Inc. ("eBay") respectfully submits this memorandum in support of its motion in limine to preclude plaintiffs Tiffany (NJ) Inc. and Tiffany & Company (collectively, "Tiffany") from introducing evidence at trial concerning eleven Tiffany trademarks identified for the first time on the eve of trial. For the reasons described below, Tiffany's untimely disclosure is unduly prejudicial to eBay and should be excluded under Rule 403 of the Federal Rules of Evidence.

ARGUMENT

Tiffany's Attempt to Inject New Trademarks Into This Action Creates a Danger of Unfair Prejudice That Substantially Outweighs the Probative Value of the Marks

Tiffany initiated the instant lawsuit almost three years ago, complaining that the availability of allegedly counterfeit merchandise on eBay's website has caused harm to the goodwill embodied in a total of seven of Tiffany's trademarks. See Exhibit A to Declaration of Lori Schiffer at ¶ 12 (First Amended Complaint, filed on July 14, 2004) ("Tiffany's Complaint"). These seven trademarks consist of the Tiffany company name or variations thereof (United States Registration Nos. 23,573, 133,063, 1,228,189, 1,228,409, 1,669,365) and two jewelry designs (Registration Nos. 1,804,353 and 1,785,204) (collectively the "TIFFANY Marks"). See Exhibit A to Declaration of Lori Schiffer at ¶ 12.

Accordingly, throughout the duration of this litigation, including two years of extensive discovery, both eBay and Tiffany focused exclusively on matters relevant to the TIFFANY Marks. Both parties' document requests and subsequent productions pertained to merchandise bearing the TIFFANY Marks. In addition, Tiffany's own documents and testimony show that its own anti-counterfeiting efforts vis-à-vis eBay were devoted to merchandise bearing the TIFFANY Marks. Indeed, in connection with Tiffany's so-called "Buying Programs," Tiffany itself searched exclusively for merchandise advertised under the "Tiffany" name.[1] Consequently, when eBay and Tiffany filed their Pretrial Order in October 2006, the parties jointly stipulated, among other things, that Tiffany sells merchandise under the seven TIFFANY Marks. See Exhibit B to Declaration of Lori Schiffer at Section V, ¶¶ 2, 4.

Despite having solely relied upon the seven trademarks mentioned in Tiffany's Complaint for nearly three years, on April 2, 2007, in its Proposed Findings of Fact, Tiffany revealed for the first time its intention to seek damages with respect to *eleven* additional trademarks that have *never* been a part of this proceeding. Of the eleven trademarks that Tiffany is attempting to put into play, four relate to Tiffany's packaging, advertising, and collateral materials, two relate to the word ATLAS, and five relate to ELSA PERETTI, PERETTI, and PALOMA PICASSO branded merchandise. Shortly after learning of Tiffany's improper attempt to end-run the Federal Rules of Civil Procedure by, in effect, amending its Complaint on the eve of trial and long after the close of discovery, eBay requested that Tiffany withdraw these trademarks from its Proposed Findings of Fact and from this proceeding. Tiffany refused, asserting instead that it intends now to include these newly-introduced marks in this action and to seek statutory damages on each of them. See Exhibits C & D to Declaration of Lori Schiffer.

Tiffany's position is untenable: the purpose of the pleading and notice requirements of the Federal Rules of Civil Procedure is to put the parties on notice of the claims and defenses involved in the particular case so as to allow them to prepare for trial. eBay was entitled to timely notice of the marks claimed to have been infringed, and to conduct discovery and develop a proper pretrial record concerning same. Without notice or mention of these eleven new trademarks, eBay has been preparing for trial on the claims and defenses set forth in Tiffany's Complaint.

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[1] Insofar as Tiffany purports to rely on its "Buying Programs" to quantify the scope of the infringement of which it complains, Tiffany cannot do so with respect to the additional eleven marks (i.e., Tiffany did not search for or attempt to authenticate merchandise listed as ELSA PERETTI, PERETTI or PALOMA PICASSO or include within its results any data with respect to packaging, advertising or collateral materials).

District courts have broad discretion to exclude evidence where, as here, it is outweighed by either the danger of unfair prejudice or undue delay. See, e.g., United States v. Schatzle, 901 F.2d 252, 256 (2d Cir. 1990); see also Fed. R. Evid. 403. Tiffany's proffered evidence of eleven new trademarks at the eleventh hour falls squarely within the Rule 403 framework, which permits exclusion of even arguably relevant evidence "if its probative value is substantially outweighed by the danger of unfair prejudice . . . or by considerations of undue delay . . . ." Fed. R. Evid. 403; Schatzle, 901 F.2d at 256; see also In re Investors Funding Corp. of New York Securities Litig., 635 F. Supp. 1262, 1265 (S.D.N.Y. 1986) (holding that Rule 403 requires courts to engage in "conscious process of balancing the probative value of and need for the evidence sought to be excluded against the harm likely to result from its admission") (citations omitted).

Tiffany's actions implicate *both* prejudice and undue delay. There is no dispute that each of the eleven new trademarks was registered long before the commencement of the instant lawsuit. Moreover, Tiffany has not provided – and likely cannot provide – any explanation as to why these marks were not identified earlier during the nearly three-year pendency of the suit. See Exhibit D. Had Tiffany identified the eleven new marks earlier, the parties might have been able to address them properly, and conduct relevant discovery. But Tiffany chose not to assert them earlier; accordingly, Tiffany's assertion of these marks for the first time in its pretrial submission is " simply . . . too late." UNR Indus. Inc. v. Continental Ins. Co., Nos. 85 C 3532, 83 A 2523, 1988 WL 121574, at *6 (N.D. Ill. Nov. 9, 1988).

Courts frequently have rejected tactics such as those propounded by Tiffany. In granting a plaintiff's motion in limine to preclude evidence relating to the defendant's newly asserted allegation at the pretrial order stage, the court in Media Sport & Arts s.r.l. v. Kinney Shoe Corp., No. 95 CIV. 3901 (PKL), 1999 WL 946354 (S.D.N.Y Oct. 19, 1999), held that it was unwilling to condone the defendant's pursuit of a "'back door' route to amend its answer." Id. at *4; see also Weeks Dredging & Contracting, Inc. v. U.S., 11 Cl. Ct. 37, 46 (Cl. Ct. 1986) ("[A] pretrial submission is not a pleading, nor can it, ipso facto, act as an amendment to a previously filed unambiguous [pleading]."); Creo Prods. Inc. v. Presstek, Inc., 148 F. Supp. 2d 416 (D. Del. 2001) (excluding new allegation asserted by defendant in pretrial order where defendant was "essentially seeking to amend its counterclaim" one month prior to pretrial conference). Confronted with last-minute efforts to inject new subject matter into a lawsuit, numerous other courts have not hesitated to exclude evidence relating to that subject matter under Rule 403. See, e.g., Seatrax, Inc. v. Sonbeck Int'l, Inc., 200 F.3d 358, 368 (5th Cir. 2000) (holding that failure to instruct jury on claim first asserted by plaintiff in pretrial order is not abuse of discretion); Sound Video Unlimited, Inc. v. Video Shack Inc., 700 F. Supp. 127 (S.D.N.Y. 1988) (precluding defense raised for first time in pre-trial order).

Not only has Tiffany unduly delayed in attempting to inject the eleven new marks into this lawsuit, but its pretrial submission is highly prejudicial to eBay. Significantly, Tiffany's newly asserted marks raise the specter of an increased damages award, as Tiffany has requested statutory damages of $1,000,000 *per counterfeit mark per type of goods or services*. See Exhibit A, Plaintiff's Prayer for Relief at ¶ 2. By adding eleven new trademarks and requesting damages on a per-mark, per-type-of-counterfeit-good basis, Tiffany unduly seeks to exponentially increase the size of its requested damages award while saving the expense of discovery concerning these marks. The law does not tolerate such tactics.

Despite Tiffany's assertions to the contrary (see Exhibit D, J. Swire's April 16th letter), the fact that Tiffany's document production contains a handful of references to one or more of the additional Tiffany marks does not ameliorate the gaping holes in discovery. Tiffany admits that these references with respect to the newly-asserted marks were included in the production only by virtue of the fact that searching for listings advertised as containing "Tiffany" merchandise incidentally elicited them. See id. By no means does Tiffany's production reflect the complete universe of materials that would have been relevant had Tiffany properly asserted these marks at the outset. Indeed, eBay has no way of knowing what the contours of the relevant universe would look like. Without access to such materials, prejudice to eBay is apparent. See Media Sport & Arts, 1999 WL 946354, at *5 (rejecting argument that plaintiff should be on notice with respect to defendant's allegation by virtue of "considerable discovery" on subject matter of allegation; ruling that failure to plead deprives plaintiff of opportunity to properly cross-examine deposition witnesses).

CONCLUSION

For the foregoing reasons, eBay respectfully requests that the Court grant eBay's motion in limine to exclude those portions of the instant case that purport to create liability based upon the eleven trademarks first asserted in Tiffany's Proposed Findings of Fact.

Dated: New York, New York
May 18, 2007

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